

LEGISLATURE TO

LEGISLATURE TO REMOVE TAX ON BANK DEPOSITS

Senate Finance Committee Will Urge Repeal of Obsolete Law.

DRIVING MONEY FROM VIRGINIA

Bankers Show Importance of Prompt Action to Prevent Withdrawals on February 1, Approval Being Given Plan for Relief—Put Through as Emergency Measure.

Unanimous approval was given by the Senate Finance Committee last night to a bill practically abolishing the present heavy tax on

heavy tax on deposits in banks, which it was stated by members of the Virginia Bankers' Association has caused the withdrawal from banks in this State of millions of dollars for deposit elsewhere. To meet constitutional objections, the bill recommends that the State provide for the segregation of the subject of taxation to the State alone, forbidding its taxation by counties and cities, and then imposes only a nominal tax on behalf of the State. That little actual loss will be suffered by either the State or the cities where the banks are located is shown by the fact that of the \$172,000,000 of money in banks less than \$7,000,000 was returned to

Feeling Effect of Withdrawal.

The recent efforts of grand jurists to discover omitted taxes, a move that has caused a panic among small depositors, and already it is feared that banks all over the State are feeling the effects of withdrawals. It is the purpose of the committee to have the bill made an emergency measure for immediate consideration when the General Assembly meets on January 14, and a sentiment of the members have pledged the support to its immediate passage, in order that it may take effect.

A draft of the proposed bill prepared by George Bryan, attorney for the Virginia Bankers' Association, was read. Chairman Echols stated that it was desired to have an immediate and public expression of opinion from the committee as to the general purpose of the bill.

The text of the bill follows:

A bill to provide for the segregation of the tax upon money on deposit and to make it liable to taxation by the State alone and to fix the rate of tax thereon.

1. Be it enacted by the General Assembly of Virginia that, in pursuance of the provisions of section 163 of the Constitution of Virginia, money on deposit with any bank, or other corporation or firm or person, is hereby segregated and made a subject of taxation by the State of Virginia only, and shall not be liable to taxation by any of the cities or counties.

2. The total rate of such segregated taxation on such money on deposits shall be 2 cents on the \$100, one-half of the proceeds of which shall be applied to the support of the government one-fourth to the support of the public free schools of the State and one-fourth to the payment of pensions.

3. All acts and parts of acts in conflict herewith are hereby repealed.

Bankers Defer Other Claims.
Arthur L. Warthen, president of the Front Royal National Bank, led the delegation which presented the subject. He was accompanied by George Bryan, attorney for the Virginia Bankers' Association; Thomas Branch Mo-

Adams, cashier of the Merchants National Bank, and O. J. Sands, president of the American National Bank. The Bankers' Association had for some time, it was explained, thought that the tax on bank stocks was inequitable but this matter of deposits was so much more urgent, and had such an immediate and definite bearing on the commerce of the State, that it had been decided to drop all other appeals for relief and concentrate on one matter. Mr. Sands, chairman of the taxation committee of the Virginia Bankers' Association, explained the

New Effort to Enforce Old Law.
 "The new auditor, Mr. Moore, who is doing a very effective work for the State, evidently believes that the hos-

ty to get a bad law repealed is to force it. So he called it to the attention of grand juries all over the State last year. The net result is that with Etchison's paper, who make return of their money in bank the State and city taxes amount to 1.4 per cent, while the interest on savings funds only amounts to a per cent. We are not asking this for the banks. The tax doesn't fall on us, but on our depositors. But last year, when it got about that money in bank was property, and was subject to tax as property, at 35 cents for the State, and

\$1.40 for the city, on each \$100 of value, we had millions of dollars of withdrawals. This year we are prepared to meet any demand that may come. The banks of Richmond have millions of dollars piled in their vaults.

for those depositors who wish to draw it out before the first of February. For months past we have been unwilling to make loans that would extend over February 1, because we knew if this tax were imposed, the people would take their money out. We have their money, if our depositors want it, but the real trouble is that in piling up all this idle money, we are withholding